

HOUSE BILL NO. 142

INTRODUCED BY RIPLEY

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATING TO STATE FINANCE OF LOCAL WATER AND SEWER PROJECTS; AUTHORIZING THE ISSUANCE OF GRANT OR REVENUE ANTICIPATION NOTES BY THE BOARD OF EXAMINERS; AUTHORIZING FORGIVENESS OF CERTAIN LOANS TO DISADVANTAGED COMMUNITIES UNDER THE DRINKING WATER STATE REVOLVING FUND PROGRAM; AUTHORIZING ADDITIONAL USES OF THE PROCEEDS OF STATE GENERAL OBLIGATION BONDS; AUTHORIZING STATE DEBT; AMENDING SECTIONS 17-5-805, 75-5-1122, 75-6-226, AND 75-6-227, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-5-805, MCA, is amended to read:

"17-5-805. Bond, grant, or revenue anticipation notes -- when issued -- payment of principal and interest. (1) When the board has been authorized to issue and sell bonds under this part, it may, pending the issuance of the bonds, issue in the name of the state temporary notes in anticipation of:

(a) the money to be derived from the sale of the bonds;

(b) the money to be received from the federal government for the program for which bonds may be issued; or

(c) other money to be received as revenue for the specified program.

(2) The notes must be designated as "bond anticipation notes", "grant anticipation notes", or "revenue anticipation notes". The proceeds of the sale of the bond anticipation notes may be used only for the purposes for which the proceeds of the bonds, grants, or revenue could be used, including costs of issuance. If, prior to the issuance of the bonds or receipt of the proceeds of the grants or revenue, it becomes necessary to pay or redeem outstanding notes, additional bond anticipation notes may be issued to redeem the outstanding notes. No renewal of any note may be issued after the sale of bonds or receipt of the proceeds of the grants or revenue in anticipation of which the original notes were issued.

~~(2)(3) Bond, grant, or revenue anticipation notes or other short-term evidences of indebtedness~~

1 maturing not more than ~~1 year~~ 2 years after the date of issue may be issued from time to time as the proceeds
2 ~~thereof~~ are needed. ~~Such~~ The notes must be authorized by the board and must have ~~such~~ terms and details ~~as~~
3 that may be provided by resolution of the board. However, each resolution of the board authorizing notes must:

4 (a) describe the need for the proceeds of the notes to be issued; and

5 (b) specify:

6 (i) the principal amount of the notes or maximum principal amount of the notes that may be outstanding
7 at any one time;

8 (ii) the rate or rates of interest, the maximum rate of interest, or the interest rate formula (to be
9 determined in the manner specified in the resolution authorizing the notes) to be incurred through the issuance
10 of ~~such~~ the notes; and

11 (iii) the maturity date or maximum maturity date of the notes.

12 ~~(3)~~(4) Subject to the limitations contained in this section and the standards and limitations prescribed
13 in the authorizing resolution, the board in its discretion may provide for the notes described in subsection ~~(2)~~ (3)
14 to be issued and sold, in whole or in part, from time to time, and may delegate to the state treasurer the power
15 to determine the time or times of sale, the manner of sale, the amounts, the maturities, the rate or rates of
16 interest, and ~~such~~ other terms and details of the notes ~~as~~ that may be considered appropriate by the board; or
17 the state treasurer in the event of ~~such~~ a delegation. The board in its discretion, but subject to the limitations
18 contained in this section, may also provide in the resolution authorizing the issuance of notes for:

19 (a) the employment of one or more persons or firms to assist the board in the sale of the notes;

20 (b) the appointment of one or more banks or trust companies, either in or outside of the state, as
21 depository for safekeeping and as agent for the delivery and payment of the notes;

22 (c) the refunding of the notes, from time to time, without further action by the board, unless ~~and until~~ the
23 board revokes ~~such~~ the authority to refund; and

24 (d) such other terms and conditions ~~as~~ that the board may consider appropriate.

25 ~~(4)~~(5) In connection with the issuance and sale of notes as provided in this section, the board may
26 arrange for lines of credit with any bank, firm, or person for the purpose of providing an additional source of
27 repayment for notes issued pursuant to this section. Amounts drawn on ~~such~~ lines of credit may be evidenced
28 by negotiable or nonnegotiable notes or other evidences of indebtedness, containing ~~such~~ terms and conditions
29 ~~as~~ that the board may authorize in the resolution approving them."

1 **Section 2.** Section 75-5-1122, MCA, is amended to read:

2 **"75-5-1122. Creation of debt.** The legislature, through the enactment of this law by a two-thirds vote
3 of the members of each house, authorizes the creation of state debt in an amount not to exceed \$40 million ~~and~~
4 ~~the issuance and sale in principal amount~~ of general obligation bonds ~~in this amount~~ outstanding from time to
5 time for the purpose of:

6 (1) providing the state's share of the program; and

7 (2) funding portions of loans on an interim basis pending receipt of:

8 (a) grant payments from the environmental protection agency for which federal legislation appropriating
9 the proceeds of the grants has been enacted; or

10 (b) other revenue for the program."

11
12 **Section 3.** Section 75-6-226, MCA, is amended to read:

13 **"75-6-226. Loan subsidy for disadvantaged communities.** (1) Notwithstanding any other provision
14 in this part, if the program makes a loan pursuant to 75-6-221(1) to a disadvantaged community or to a
15 community that the department expects to become a disadvantaged community as a result of a proposed
16 project, the department may provide additional subsidization in the form of a reduced interest rate, or the
17 forgiveness of principal, OR A COMBINATION OF BOTH.

18 (2) The total annual amount of loan subsidies made by the department pursuant to subsection (1) may
19 not exceed 30% of the capitalization grant received by the department for each fiscal year."

20
21 **Section 4.** Section 75-6-227, MCA, is amended to read:

22 **"75-6-227. Creation of debt.** The legislature, through enactment of this section, authorizes the creation
23 of state debt in an amount not to exceed \$30 million ~~and authorizes the issuance and sale in principal amount~~
24 of general obligation bonds ~~in this amount~~ outstanding from time to time for the purpose of:

25 (1) providing the state's share of the drinking water program; and

26 (2) funding portions of loans on an interim basis pending receipt of:

27 (a) grant payments from the environmental protection agency for which federal legislation appropriating
28 the proceeds of the grants has been enacted; or

29 (b) other revenue for the program."

NEW SECTION. Section 5. Two-thirds vote required. Because [sections 2 and 4] authorize additional uses of proceeds of state debt and an increase in the amount of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

COORDINATION SECTION. SECTION 6. COORDINATION INSTRUCTION. IF BOTH SENATE BILL NO. 58 AND [THIS ACT] ARE PASSED AND APPROVED, THEN THE FIRST SENTENCE OF SUBSECTION (3) OF 17-5-805 IN [THIS ACT] MUST READ:

"(3) Bond, grant, or revenue anticipation notes maturing not more than 3 years after the date of issue may be issued from time to time as the proceeds are needed."

NEW SECTION. **Section 7. Effective date.** [This act] is effective on passage and approval.

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